

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**AT NASHVILLE, TENNESSEE**

**IN RE:**

**Petition of United Telephone Company  
to Change and Increase Certain Intrastate  
Rates and Charges so as to Permit it to  
Earn a Fair and Adequate Rate of Return  
on its Property Used and Useful in Furnishing  
Telephone Service to its Customers in  
Tennessee and to Adopt New and Realistic  
Depreciation Rates for Central Office  
Equipment**

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REGULATORY AUTH.  
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OFFICE OF THE  
EXECUTIVE SECRETARY

**DOCKET NO. 01-00451**

**CONSUMER ADVOCATE AND PROTECTION  
DIVISION'S COMMENTS ON UNITED  
TELEPHONE'S RECENTLY FILED REVISED  
EXHIBITS**

On January 11, 2002, United Telephone Company ("Company") filed a "Revised Exhibit 1 (1-9-02)" that contained certain new information in various categories that are crucial to this case. This new information has not been analyzed in the written testimony of Terry Buckner, witness for the Consumer Advocate and Protection Division ("CAPD"), because Mr. Buckner filed his testimony on October 3, 2001. Accordingly, the CAPD files these comments in order to set forth its position on this new information.

**BACKGROUND**

**PETITION**

On May 22, 2001, the Company filed a Petition with the Tennessee Regulatory Authority ("TRA") to increase rates to its customers and to increase its depreciation and amortization expense. Included with the Petition were testimony and forecasted financial exhibits. The TRA

recognized the Petition as Docket #01-00451.

### **SUPPLEMENTAL PETITION**

On September 12, 2001, the Company filed a Supplemental Petition with the TRA with supplemental testimony and revised forecasted financial exhibits. While the rate of return of the forecast financial exhibits increased significantly (2.6% to 4.6%), the request for increased rates to the Company's customers and for increased depreciation and amortization expenses remained the same.

### **TRA DATA REQUESTS**

On December 19, 2001, the Company responded to a TRA data request with further revisions to its forecasted financial exhibits (UTC Exhibit 1). These revisions were submitted to support the rebuttal testimony filed by the Company's witness, Joe Enoch. Here again, the rate of return of the forecasted financial exhibits increased (4.6% to 6.3%), but the Petition for Rate Relief remained.

### **REVISED EXHIBIT 1 (1-9-02)**

Now, on January 11, 2002, the Company has filed with the TRA "Revised United Telephone Company's Exhibit 1". Once again, the rate of return of the forecasted financial exhibits has increased (6.3% to 7.1%), but the Petition for Rate Relief has remained. Based on this filing, the Company is "willing to reply on. . .the Exhibit as a basis for its increased revenue requirements in this case." (Emphasis added.) If CAPD's understanding of the Company's latest position is correct, then the main issues to be heard orally on January 15, 2002 can be as set forth below:

## MAIN ISSUES

The Company's forecast differs from the Consumer Advocate and Protection Division ("CAPD") forecast for the following categories and amounts:

		<b>CAPD</b>	<b>Company</b>	<b>Difference</b>
1	Local Service Revenues	\$3,909,858	\$3,516,016	\$393,842
2	Miscellaneous Revenues	688,803	597,401	91,402
3	Allocation of Expenses to UTCLD <sup>1</sup>	166,000	0	166,000
4	Uncollectible Expense/GRCF <sup>2</sup>			16,686
5	Total Differences			667,930
6	CAPD Forecast Revenue Excess			229,110
7	Corrected Company Revenue Deficiency <sup>3</sup>			(438,820)
8	Total Difference			<u>\$667,930</u>

While this summary depicts the general financial issues in this docket, the CAPD reserves the right to cross-examine the Company's witness on any and all of the merits of the Company's filings.

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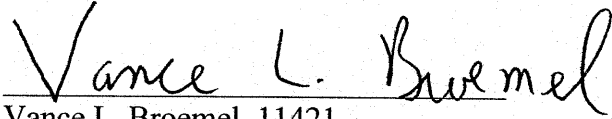
<sup>1</sup>UTC Long Distance.

<sup>2</sup>Gross Revenue Conversion Factor.

<sup>3</sup>Corrected for Operating Income Tax decrease due to inclusion of allocated overheads to UTC Long Distance.

Respectfully Submitted,

PAUL G. SUMMERS  
Attorney General & Reporter  
MICHAEL E. MOORE  
Solicitor General

A handwritten signature in cursive script that reads "Vance L. Broemel". The signature is written in dark ink and is positioned above a horizontal line.

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## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Consumer Advocate and Protection Division's Comments on United Telephone's Recently Filed Revised Exhibits was served on parties below via U.S. Mail, postage prepaid, this 14 of January, 2002.

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January 14, 2002